



**Statement
of the
Illinois Hospital
Association**

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**John Bomher
Senior Vice President
Illinois Hospital Association**

**Health Care Reform Implementation Committee
James R. Thompson Center Concourse Auditorium**

For Further Information
Contact:

**Danny Chun
Assistant VP, Communications
Illinois Hospital Association
630-276-5558**

**TESTIMONY BY JOHN BOMHER
SENIOR VICE PRESIDENT
ILLINOIS HOSPITAL ASSOCIATION**

**ILLINOIS HEALTH CARE REFORM IMPLEMENTATION COUNCIL
WEDNESDAY, SEPTEMBER 22, 2010**

HEALTH INSURANCE REFORMS AND THE ESTABLISHMENT OF AN EXCHANGE

INTRODUCTION

Mister Chairman and members of the Illinois Health Reform Implementation Council, the Illinois Hospital Association and hospital community thank you for the opportunity to speak about the formation of a state level health insurance exchange as provided by the federal Patient Protection and Affordable Care Act. I am here on behalf of our 200 member hospitals and health systems across the state of Illinois.

The Illinois Hospital Association and the hospital community recognize that the state faces enormous challenges in forming a state exchange that will assist in improving the health of Illinois' residents by increasing access to health care, reducing disparities, controlling costs, and improving the affordability, quality and effectiveness of health care. As part of our mission to care for our patients and communities, Illinois hospitals are key anchors of the state's health care delivery system – providing quality, accessible care to all who need it – and are vital economic engines for their communities and the state – providing hundreds of thousands of jobs to strengthen local and state economies.

We greatly appreciate the Governor's formation of this Council and the goal of health care reform in Illinois and across the nation. We fully support the creation of health insurance exchanges as a mechanism for consumers to choose health plans that fit their needs. That being said, hospitals are also concerned, as employers throughout the state, that the significant changes required by the federal law do not adversely impact the benefits inherent in the existing health care delivery system. A key factor in that system has been the presence of a competitive market for commercial health insurance.

So, Illinois hospitals examine this issue not only as health care providers, but also as major employers. According to a new report by the Illinois Hospital Association (IHA), the state's 200 hospitals and health systems employ more than a quarter of a million people, resulting in 426,700 direct and indirect jobs, and generate a total annual impact of \$75.1 billion on the state's economy. Among the report's other findings:

- Health care and social assistance will be the second fastest growing sector in the Illinois economy in the next eight years;
- Health care and social assistance are projected to create the greatest number of jobs of any sector – nearly 150,000 jobs by 2018; and

- The vast economic activity generated by the health care sector makes it the sixth highest contributor to the state's Gross Domestic Product, accounting for 6.8% of Illinois' economic activity.

With these facts in mind, we all understand that the new law will require dramatic changes in the way people access health care and how such access is funded, but we encourage the Council to build on existing strengths as you deliberate on how any Exchange will be established. We believe that the ability for such changes to move Illinois forward will depend on the informed input from all of the stakeholders that will be affected in order to ensure consumers have access to affordable, quality health care. I am here to express the commitment of the Illinois' hospital community to be a fully participating partner in that process.

It is our intent in the near future to provide this Council with our vision of a blueprint to accomplish the formation of an exchange that will meet the needs stated above, but we would like to initiate our involvement by highlighting several key areas of concern that we would ask the Council to consider as it prepares its recommendations to the Governor.

ISSUES

Governance

Regardless of the form and structure the Exchange eventually takes, the governance structure should provide adequate access to affected stakeholders, including hospitals, to provide ongoing input and advice in order to ensure consumer protection and plan oversight.

Cost Containment

While "bending the cost curve" is an important consideration, the Exchange should not engage in any form of rate setting as a cost containment tool. Establishing artificial rates could have significant and unanticipated effects. In particular, government rate setting often results in problems with consumers being able to obtain adequate access to care. In addition, it is imperative that the quality criteria established to ensure the efficiencies in the system are based on nationally recognized quality measures and that there be consistency and uniformity in how such measures are applied.

Enrollment

For health reform to achieve its potential, it is critical that the enrollment process be simple and easy for consumers. Additionally, the state should ensure that the Exchange set the enrollment periods to minimize adverse selection. The state should ensure the electronic enrollment platforms for enrollment in Medicaid and CHIP are developed in such a way to minimize disruption in 2014. Consideration should also be given to ensure that persons who are accustomed to the traditional venues for enrolling in Medicaid and other federal and state assistance programs are not forced into an unfamiliar arena to enroll in these programs.

Qualified Health Plans

In establishing which qualified health plans will participate in the Exchange, a wide range of plans, from locally based to statewide integrated health systems, including hospital and physician-based systems, should be considered.